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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 6, 2000

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE980814

Ex Parte: In the matter of  
considering an electricity  
retail access pilot program -  
American Electric Power - Virginia

DENIAL OF PETITION FOR RECONSIDERATION

On June 30, 2000, American Electric Power - Virginia ("AEP-VA" or "the Company") filed a Petition for Reconsideration ("Petition") in the captioned case, requesting clarification of the Commission's June 15, 2000, Final Order. This Final Order requires that the projected market price for generation of electricity be calculated by averaging the prices at the two highest of five specific trading areas or hubs. In its Petition, the Company requests clarification "with respect to the latitude, if any, of the Company and the [Commission] Staff to exclude data from the projected market price calculation where the data is [sic] unrepresentative of developing market conditions."

NOW UPON CONSIDERATION, we find that we should deny the Company's Petition. Given the evolving nature of the

electricity market and its volatility at numerous locations where energy is traded, it would be extremely difficult to determine what, if any, data collected actually are unrepresentative of developing market conditions.

In its Petition, the Company disputed that its 16 or 17 interconnections with other utilities were trading "hubs" as that term is generally used in the industry. It is, however, undisputed that the Company is interconnected with at least 16 other utilities and that these interconnections may be used by the Company to conduct bilateral trades with various other parties. At the time this case was litigated, sufficient historical data existed for transactions occurring at the five areas or hubs utilized by the Staff's methodology to form the basis for our historical quantification of market price.

The projected market price is for purposes of AEP-VA's pilot program. We see no need to make the suggested "clarification" at this time. Before establishing the final methodology for determining projected market price with the start of full-scale retail choice, we will review the results of utilizing this methodology. Accordingly,

IT IS ORDERED THAT:

(1) AEP-VA's June 30, 2000, Petition for Reconsideration is hereby denied.

(2) This matter shall remain open for the receipt of reports by AEP-VA and for other matters concerning the pilot program, as they may arise.